

VZCZCXYZ0000
RR RUEHWEB

DE RUEHAK #1033/01 1221452
ZNR UUUUU ZZH
R 021452Z MAY 07
FM AMEMBASSY ANKARA
TO RUEHC/SECSTATE WASHDC 1931
INFO RUEHIT/AMCONSUL ISTANBUL 2624
RUEHJM/AMCONSUL JERUSALEM 0293
RUEHTV/AMEMBASSY TEL AVIV 0133

UNCLAS ANKARA 001033

SIPDIS

SIPDIS
SENSITIVE

EEB ALSO FOR A/S DAN SULLIVAN
NEA FOR FRONT OFFICE; NEA/IPA
NSC FOR ABRAMS/DORAN/WATERS
PASS USAID FOR KUNDER/MCCLOUD/BORODIN

E.O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [EAID](#) [KWBG](#) [BEXP](#) [TU](#)
SUBJECT: TURKISH NEXT STEPS ON EREZ ZONE

REF: JERUSALEM 717

SENSITIVE BUT UNCLASSIFIED.

¶1. (SBU) Summary. In a May 1 meeting, Guven Sak, the brains behind the Turkish business association TOBB's effort to develop the Erez industrial zone in northern Gaza, described his planned next steps. Consonant with reftel reporting, Sak believes that a security arrangement covering movement of goods is key. Once this is accomplished, he believes it will be easier to obtain Palestinian business and government support and garner investor interest. The USG could consider helping the initiative by 1) supporting agreement on security arrangements, 2) offering advice on how to navigate the Palestinian angle, and 3) supporting investor recruitment in cooperation with the private sector, including the U.S. Chamber of Commerce. End Summary.

¶2. (SBU) Sak will go to Tel Aviv May 7 to give a presentation at a dinner hosted by the Israeli Manufacturers Association, TOBB's Israeli partner. On the 8th, Turkish Ambassador Namik Tan has arranged a meeting with MOD advisor Haggai Alon to discuss the security agreement. Sak understands from Tan that Ambassador Jones may also attend this meeting (nfi). On the 8th, he meets with MOD official Amos Gilad, Palestine Investment Fund Director Muhammad Mustafa, and Former PA Industry Minister Mazen Sinokrot -- who Sak says is a key Palestinian supporter. He also hopes to see Saeb Erekat, and may also meet DPM Peres to discuss a proposal made by Peres for Turkish-Israeli cooperation to develop an industrial zone in southern Lebanon.

Security Agreement

¶3. (SBU) Sak's priority is to make substantial progress on an agreement covering security and movement of goods between the zone and Israel. He said he had been exchanging ideas with Gilad in writing. Sak is arguing that traditional Israeli reliance on security checks of trucks at the border will not work and that a "new security concept" is necessary. This new concept would involve surveillance and monitoring within the enclosed border zone, including by trusted third parties (such as a foreign security firm) trained by Israelis. He thinks this would give deeper protection than border checks and ease the flow of goods. He said that Israeli Manufacturing Association official Dan Katarivas had recently visited Ankara and was helping lobby Israeli officials, like Deputy Defense Minister Sneh, on the concept. Uncertainties about the future of Minister Peretz (another supporter) are a complicating factor in getting an agreement.

Palestinian Support

¶4. (SBU) Sak said he recognized that TOBB had not done a good job selling the project to the Palestinian business community. He plans to begin rectifying that by hiring locally-based staff and opening offices in East Jerusalem and Gaza. He has hired former Free Zones Authority head Nasser Jaber (who he described as a technocrat booted by Hamas) for the Jerusalem office and is working with Palestinian contractor Abu Shahla (phonetic) to find space in Gaza. He said he agrees that Palestinian businesses should be partners in zone projects, but admitted that those opportunities had not been clear. Once he has the staff in place, he plans to market the project actively, including by holding a "town meeting" in Gaza.

¶5. (SBU) On the concession agreement, Sak said he had raised with the PIF's Sami Aburosa the idea of the Free Zones Authority (PIEFZA) delegating licensing authority to the PIF. He said that Mazen Sinokrot, a member of the PIF board who has good relations with Hamas, had also suggested this and could be helpful.

Investor Marketing

¶6. (SBU) Finally, Sak is thinking ahead to the next stage of recruiting investors. He plans to approach representatives of the "Chicago Ten" interfaith group of businesspeople, who had previously shown an interest in the project. Following up on the April meeting between TOBB President Hisarciklioglu and A/S Sullivan in Washington, Sak said he had nearly finalized a letter from Hisarciklioglu and his Israeli and Palestinian counterparts inviting the U.S. Chamber of Commerce to become an observer to the Ankara Forum. He said he had been in touch with Chamber officials, who indicated their readiness to be supportive.

Comment: Possible USG Support

¶7. (SBU) Sak is results-oriented and can be expected to get done a lot of what he plans to do. His comments seem to address the points raised in reftel. (Sak said he had heard about ConGen Jerusalem's inquiries and appreciated the interest.) Based on our meeting with Sak and reftel, following are some ideas from our perspective about how the USG could support this initiative.

-- Advice on how to secure Palestinian business community support. Sak said that the more he learns the less he understands about Palestinian politics. He understands that there may be factions and groups that he has to bring on board of which he is not even aware. He is getting some advice from Israelis, but is not sure how reliable it is. Some objective advice on how to navigate Palestinian politics and the Palestinian business community would probably be useful. Perhaps there is a US-based Palestinian or business association with Palestinian ties that we could recommend.

-- Support for a security agreement with Israel. Sak said these discussions are not yet at a critical point. If they come to such a point, Sak said he may ask for U.S. help and expertise to weigh in with Defense Ministry or other Israeli decisionmakers.

-- Marketing to investors. Sak said the Turkish government would provide export credits to help Turkish businesses transfer capital goods to Gaza. The USG could consider making similar support available to U.S. investors, including Exim and OPIC support. Post urges that Department consider this and be in touch with Exim and OPIC, as appropriate. In addition, the U.S. Chamber's network should be valuable in reaching out to potential investors.
Wilson